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DE RUEHAE #0762 2701437
ZNR UUUUU ZZH
R 271437Z SEP 07
FM AMEMBASSY ASMARA
TO RUEHC/SECSTATE WASHDC 9126
INFO RUCPDO/DEPT OF COMMERCE WASHDC

UNCLAS ASMARA 000762

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TAGS: [ECON](#) [ETRD](#) [KTEX](#) [ER](#)
SUBJECT: ERITREA: TEXTILES AND APPAREL SECTOR

REF: STATE 114799

¶1. In response to reftel, post provides the short narrative below. The Government of the State of Eritrea (GSE) strictly controls the economy of Eritrea and nearly all of the industries. The GSE shares almost no information on the textile industry, (or other industries) publicly. To the best of post's knowledge, Eritrea has no import/export business in textiles with the U.S. Government policies do not encourage private sector growth and post is unaware of government plans to expand production in the textile industry. Since January 2005, the GSE has severely limited imports and most production in Eritrea is for local consumption. There are a few exporting industries. The Italian owned shirt factory, Zambiat Eritrea, described in para. 4 is one example.

¶2. Eritrea has limited trade partnerships and does not maintain formal trade relationships with its immediate neighbors, Sudan and Ethiopia. Eritrea does engage in trade with regional partners, such as Djibouti, Yemen, UAE, Saudi Arabia, and Italy. The 2005 International Monetary Fund's Article IV Consultation estimated 2005 exports at a total of USD 12 million, with manufactured goods, such as textiles, being only an estimated 10 percent of exports. At this time, post is unaware of Eritrea participating in any free trade agreements.

¶3. Presently, three textile factories operate in Eritrea. The government is in partnership with two of the companies and the third is privately owned. As noted, the government does not make available statistics and data from the two government-owned factories. Post has no reliable data on either industrial production value or number of persons employed by these enterprises. Post did ascertain that one factory produces T-shirts and military uniforms and the other shirts for school uniforms.

¶4. Zambiat Eritrea (ZAER) is a privately held Italian company producing dress shirts for men and women, bath towels, men's pants, and pajamas for men and women. Zambiat makes children's clothing as well. The company imports the raw materials, such as cotton, from Italy and Turkey to be woven into fabrics. They also import woven fabric for production. Zambiat produces 21,000 shirts per month, most exported to Italy, where they retail for EURO 85. Zambiat also exports woven cotton yarn, about 25,000 kilos per year with plans to expand production to 45,000 kilos. Zambiat employs 250 individuals, mostly women.

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